

DURHAM CITY COUNCIL WORK SESSION
THURSDAY, APRIL 8, 2004 – 1:00 P.M.
Committee Room- 2nd Floor – City Hall

SUBJECT: 607 CANAL STREET (MARLYNDA BODISON)

To receive an update from the administration on the status of the loan and the rehabilitation request for 607 Canal Street.

The Housing Department gave a powerpoint presentation on 607 Canal Street outlining the following:

- Rehabilitation History Update
- Housing Appeals Board
- Invitation to Bid by City
- Schedule of Events
- Bodison Initial Complaint
- March 9, 1995 Complaint
- September 13, 1995 Hand Written Notes
- Additional File Notes 9/19/96 – 10/7/96
- Complaint Letter From Project Manager
- 2003 Housing Staff Request
- Schedule for Rehab Considerations
- Rehab Complaint Investigation
- Loan Restructure/Foreclosure
- Options for Council to Consider

Rick Osborn, representing RGO Construction, addressed council on this matter noting it was not about the staff it was about the City Council.

MOTION by Council Member Clement seconded by Council Member to suspend the rules of the City Council and take action on this item was approved at 1:35 p.m. by the following vote: Ayes: Mayor Bell, Mayor Pro Tempore Cole-McFadden and Council Members Best, Brown, Catotti, Clement and Stith. Noes: None. Absent: None.

A motion was made by Council Member Clement to rescind the authority of the City Manager to restructure the loan and to authorize the City Manager to proceed and/or reinstitute foreclosure proceedings.

Council Member Stith asked that a friendly amendment be added to the motion to proceed with an investigation of this process from inception to current. Council Member Stith noted the reason for his amendment is to find out what went wrong in the process – why did the administration stop the foreclosure.

Council Member Clement accepted Council Member's Stith amendment.

At this time, Ms. Bodison addressed the Council stating the houses were not properly rehabbed in Northeast Central Durham; concerns with the Housing Department staff and noted all the dates she met with the Housing Department trying to resolve her loan. She also noted she had documentation concerning her loan from 1994 to present.

It was noted that the City Council was unaware that Ms. Bodison had not paid property taxes for years.

Discussion was held on the rehab work at 607 Canal Street; no payments on the loan; council's initial vote forgiving the interest/fee; foreclosure by the County; and the former Durham Neighborhood Housing Services.

Ms. Bodison noted the City could help her by restructuring the loan and for someone to make repairs to her home.

Based on the facts presented by staff, City Attorney Blinder noted the city had no legal obligation to the homeowner. It made comments on the statute of limitation regarding how long claims retain legal liability and in this case it would not be longer than six years and the city did not hire the contractor.

Discussion held on whether the Internal Audit Department could investigate these actions; and if there were other loans seriously delinquent.

Mayor Pro Tempore Cole-McFadden and Council Member Clement asked that the motion be severed.

Gwen Gillespie, of the Housing Department, noted there are no other loans that are seriously delinquent.

MOTION by Council Member Clement seconded by Council Member Stith to rescind the authority of the City Manager to restructure the loan and to authorize the City Manager to proceed and/or reinstitute foreclosure proceedings was approved at 2:20 p.m. by the following vote: Ayes: Mayor Bell, Mayor Pro Tempore Cole-McFadden and Council Members Best, Brown, Catotti, Clement and Stith. Noes: None. Absent: None.

City Manager Conner stated the city staff can audit the process as it relates to the city's handling/city staff component of it. The manager stated she was not sure if the Internal Auditor could in fact audit any actions of the Council.

City Attorney Blinder asked for clarity on what the scope of the audit is.

Council Member Stith noted the scope would be the assessment in the process from initiation to the final vote on funding it [the totality of this whole situation].

City Attorney Blinder stated he thought Internal Audit could perform all aspects of Mr. Stith's request with the possible exception of if it gets into the involvement of Council Members it is not that it couldn't be done but whether it would be a comfort level in doing it.

City Manager Conner stated she thought they needed to research this issue.

Council Member Clement stated the thrust of Council Member Stith's concern is not to audit the City Council it is to audit the process involving the Housing Department and all of the ramifications surrounding this transaction.

City Manager Conner stated she just asked for clarification. She noted the auditor can audit the City Manager to any part of the city process. She stated the auditor she believed cannot audit the Council vote and the reason why in fact it was taken and interview Council Members regarding that.

City Attorney Blinder stated the Council could proceed with having that cover everything in the process other than Council actions [hear the report from the Internal Auditor on what she comes up with] and at that point Council can decide if they are satisfied.

MOTION by Council Member Stith seconded by Council Member Best to proceed with an investigation of the process from inception to current [investigation to be conducted by Internal Audit Department] was approved at 2:30 p.m. by the following vote: Ayes: Mayor Bell, Mayor Pro Tempore Cole-McFadden and Council Members Best, Brown, Catotti, Clement and Stith. Noes: None. Absent: None.

SUBJECT: CONTRACT – DURHAM BULLS BASEBALL, INC.

Council Member Catotti expressed concern with the Council viewing contracts for small amounts of money.

MOTION by Council Member Catotti seconded by Council Member Stith to suspend the rules of the City Council and take action on the above mentioned subject was approved at 2:55 p.m. by the following vote: Ayes: Mayor Bell, Mayor Pro Tempore Cole-McFadden and Council Members Best, Brown, Catotti, Clement and Stith. Noes: None. Absent: None.

MOTION by Council Member Clement seconded by Council Member Catotti to authorize the City Manager to execute the following contract; and

To authorize the City Manager to make changes to the contract before execution as long as the changes do not increase the dollar amount and remain consistent with the general

intent of the contract was approved at 3:00 p.m. by the following vote: Ayes: Mayor Bell, Mayor Pro Tempore Cole-McFadden and Council Members Best, Brown, Catotti, Clement and Stith. Noes: None. Absent: None.

Durham Bulls Baseball, Inc. – 5 month lease agreement former DATA Bus Parking Lot - \$4,500 in revenue to the City

D. Ann Gray, CMC
City Clerk